

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN**

UNITED STATES OF AMERICA,

CIVIL ACTION NO.:

Plaintiff,

HONORABLE:

vs.

GEORGE E. CANNON JR.

Defendant,

COMPLAINT

TO THE HONORABLE UNITED STATES DISTRICT COURT JUDGE:

The United States of America, plaintiff, alleges that:

Jurisdiction

1. This court has jurisdiction over the subject matter of this action pursuant to Article III, Section 2, U.S. Constitution and 28 U.S.C. § 1345.

Venue

2. The defendant is a resident of Wayne County, Michigan within the jurisdiction of this Court and may be served with service of process at 8626 Artesian Detroit, MI 48228.

The Debt – Account No. 1999A18105

3. The debt owed to the United States of America is as follows:

A. Current Principal (<i>after application of all prior payments, credits, and offsets</i>)	\$2,229.78
B. Capitalized Interest Balance and Accrued Interest as of March 16, 2018	\$3,651.76
C. Accrued Interest since March 16, 2018	\$ 62.72
Owed	\$5,843.26

The Debt – Account No. 1999A14386

4. The debt owed to the United States of America is as follows:

A. Current Principal (<i>after application of all prior payments, credits, and offsets</i>)	\$3,110.33
B. Current Capitalized Interest Balance and Accrued Interest as of March 16, 2018	\$6,582.29
C. Accured Interest since March 16, 2018	\$ 142.79
Owed	<u>\$9,835.41</u>
Total Owed	\$15,778.67

The Certificates of Indebtedness, attached as Exhibit “A and B”, shows the total owed excluding attorney’s fees and CIF charges. The principal balance and interest balance shown on the Certificate of Indebtedness is correct as the date of the Certificate of Indebtedness after application of all prior payments, credits and offsets. For account 1999A18105 prejudgment interest accrues at the rate of 5.590% per annum and for account 1999A14286 prejudgment interest accrues at

the rate of 8.00% per annum.

Failure to Pay

5. Demand has been made upon the defendant for payment of the indebtedness, and the defendant has neglected and refused to pay the same.

WHEREFORE, USA prays for judgment:

D. For the sums set forth in paragraph 3 above, plus prejudgment interest through the date of judgment, all administrative costs allowed by law, and post-judgment interest pursuant to 28 U.S.C. § 1961 and that interest on the judgment be at the legal rate until paid in full;

E. For attorney's fees to the extent allowed by law;

F. Filing fee of \$400.00 as premitted by 28 U.S.C. § 2412(a)(2);

and,

G. For such other relief which the Court deems proper.

Respectfully submitted,

By: /s/ Craig S. Schoenherr, Sr.

CRAIG S. SCHOENHERR, SR. (P32245)

Attorney for Plaintiff

O'Reilly Rancilio PC

12900 Hall Rd Ste 350

Sterling Heights, MI 48313

Phone: (586) 726-1000

Fax: (586) 726-1560

cschoenherr@orlaw.com

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #2 OF 2

George E. Cannon, Jr.
8626 Artesian St
Detroit, MI 48228-3006
Account No. xxx-xx-7549

I certify that U. S. Department of Education records show that the borrower named above is indebted to the United States in the amount stated below plus additional interest from 03/16/18.

On or about 07/11/88 the borrower executed promissory note(s) to secure loan(s) of \$1,635.00 from Pennbank (St. Paul, MN). This loan was disbursed for \$1,635.00 on 08/12/88 at a variable rate of interest to be established annually by the Department of Education. The loan obligation was guaranteed by Higher Education Assistance Foundation, and then reinsured by the Department of Education under loan guaranty programs authorized under Title IV-B of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1071 *et seq.* (34 C.F.R. Part 682). The holder demanded payment according to the terms of the note, and credited \$0.00 to the outstanding principal owed on the loan. The borrower defaulted on the obligation on 07/31/90, and the holder filed a claim on the loan guarantee.

Due to this default, the guaranty agency paid a claim in the amount of \$2,229.78 to the holder. The guarantor was then reimbursed for that claim payment by the Department under its reinsurance agreement. Pursuant to 34 C.F.R. § 682.410(b)(4), once the guarantor pays on a default claim, the entire amount paid becomes due to the guarantor as principal. The guarantor attempted to collect this debt from the borrower. The guarantor was unable to collect the full amount due, and on 06/24/93, assigned its right and title to the loan to the Department.

Since the assignment of the loan, the Department has credited a total of \$0.00 in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the borrower now owes the United States the following:

Principal:	\$ 2,229.78
Interest:	\$ 3,651.76

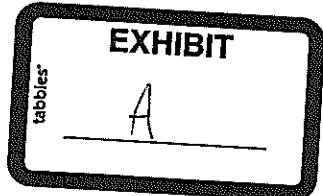
Total debt as of 03/16/18:	\$ 5,881.54
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Interest accrues on the principal shown here at the current rate of 4.47% and a daily rate of \$0.27 through June 30, 2018, and thereafter at such rate as the Department establishes pursuant to section 427A of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1077a.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: 03/16/18


Christopher Bolander
Loan Analyst/Litigation Support



U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 2

George E. Cannon, Jr.
8626 Artesian St
Detroit, MI 48228-3006
Account No. xxx-xx-7549

I certify that U. S. Department of Education records show that the borrower named above is indebted to the United States in the amount stated below plus additional interest from 03/16/18.

On or about 07/11/88 the borrower executed promissory note(s) to secure loan(s) of \$2,625.00 from Pennbank (St. Paul, MN). This loan was disbursed for \$2,625.00 on 08/12/88 at 8.00% interest per annum. The loan obligation was guaranteed by Higher Education Assistance Foundation, and then reinsured by the Department of Education under loan guaranty programs authorized under Title IV-B of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1071 *et seq.* (34 C.F.R. Part 682). The holder demanded payment according to the terms of the note, and credited \$0.00 to the outstanding principal owed on the loan. The borrower defaulted on the obligation on 06/02/91, and the holder filed a claim on the loan guarantee.

Due to this default, the guaranty agency paid a claim in the amount of \$3,110.33 to the holder. The guarantor was then reimbursed for that claim payment by the Department under its reinsurance agreement. Pursuant to 34 C.F.R. § 682.410(b)(4), once the guarantor pays on a default claim, the entire amount paid becomes due to the guarantor as principal. The guarantor attempted to collect this debt from the borrower. The guarantor was unable to collect the full amount due, and on 05/13/93, assigned its right and title to the loan to the Department.

Since the assignment of the loan, the Department has credited a total of \$0.00 in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the borrower now owes the United States the following:

Principal:	\$ 3,110.33
Interest:	\$ 6,582.29
Total debt as of 03/16/18:	\$ 9,692.62

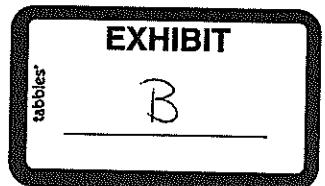
Interest accrues on the principal shown here at the rate of \$0.68 per day.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: 03/16/18



Christopher Bolander
Loan Analyst/Litigation Support



HEER EDUCATION ASSISTANCE FOUNDATION
1 BOX 64107 • ST. PAUL, MN 55164er lender completes application,
mail HEAF copy only to this address:
LENDER COPYSUPPLEMENTAL LOAN FOR
STUDENTS (SLS) APPLICATION/
PROMISSORY NOTE

SECTION A - TO BE COMPLETED BY BORROWER (PRINT IN INK-PRESS FIRMLY-OR TYPE)

NAME (NO NICKNAMES)

CANNON JR.

NAME GEORGE

MI E.

2. SOCIAL SECURITY NUMBER

7549

3. WHEN WERE YOU BORN?

MO DAY YR
66

PERMANENT ADDRESS

3626 ARTESIAN

DETROIT

STATE

MICHIGAN

ZIP

48228

ADDRESS WHILE IN SCHOOL (STREET, CITY, STATE, ZIP)

3626 ARTESIAN

DETROIT MICHIGAN

48228

PHONE AT SCHOOL ADDRESS

313) 582-3859

11. MAJOR COURSE OF STUDY:
SEE INSTRUCTIONS IN APP. BOOKLET

13

12. LOAN AMOUNT REQUESTED

\$ 1635 .00

13. PERIOD LOAN WILL COVER

FROM MO 8 188 TO 10 88

OR LOAN INFORMATION

DO YOU HAVE ANY PRIOR UNPAID SLS (ALAS) OR LOANS?
 YES (GO TO 14b)
 NO (GO TO 18a)DO YOU HAVE ANY PRIOR UNPAID GSL
 YES (GO TO 18b)
 NO (GO TO 19a)

14b. IF YES, TOTAL UNPAID PRINCIPAL BALANCE \$

15. UNPAID PRINCIPAL BALANCE OF MOST RECENT SLS (ALAS) \$

16. GRADE LEVEL OF MOST RECENT SLS (ALAS):

SEE INSTRUCTIONS IN APP. BOOKLET

17. LOAN PERIOD START DATE OF MOST RECENT SLS (ALAS)

18b. IF YES, TOTAL UNPAID PRINCIPAL BALANCE \$

19a. DO YOU HAVE ANY UNPAID PLUS LOANS IF YOU BORROWED AS A PARENT
UNDER THE PLUS LOAN PROGRAM? YES (GO TO 19b)
 NO (GO TO 20)

19b. IF YES, TOTAL UNPAID PRINCIPAL BALANCE OF PLUS LOANS \$

20. HAVE YOU EVER DEFAULTED ON A GSL, SLS (ALAS), PLUS, PERKINS, CONSOLIDATED, OR INCOME CONTINGENT LOAN?
 YES (GIVE DETAILS ON SEPARATE SHEET) NO

FRENCHES (YOU MUST PROVIDE THREE DIFFERENT NAMES, WITH DIFFERENT U.S. ADDRESSES AND PHONE NUMBERS)

NAME WILLIE TIA Bates
STREET 9560 BRACE 201#
CITY, STATE, ZIP DETROIT MICHIGAN 48228
PHONE (313) 272-0267NAME ELDON PICKENS
STREET 17409 WASHBURN
CITY, STATE, ZIP DETROIT MICHIGAN 48212
PHONE (313) 342-2170NAME MAXINE BATES
STREET 14725 JOY RD.
CITY, STATE, ZIP DETROIT MICHIGAN 48228
PHONE (313) 581-7468IF YOU QUALIFY FOR A DEFERMENT, DO YOU WISH TO DEFER PRINCIPAL PAYMENTS WHILE IN SCHOOL? (IF YES, GO TO 23;
IF NO, GO TO 24a) YES
 NO

23. YOUR LENDER MAY ALLOW THE INTEREST TO ACCRUE AND CAPITALIZE IT DURING THE DEFERMENT, OR YOUR LENDER MAY COLLECT THE INTEREST FROM YOU IN PERIODIC INSTALLMENTS. IF YOUR LENDER GIVES YOU A CHOICE, WHICH DO YOU PREFER?

 ACCRUE, CAPITALIZE PERIODIC INSTALLMENT PAYMENTS

TO BORROWER: You must read the additional Promissory Note terms and the Borrower's Certification on the reverse side before signing this Promissory Note. PROMISE TO PAY: I promise to pay to the order of my lender the entire Loan Amount stated above, to the extent that it is advanced to me, including the Guarantee Fee and interest on the unpaid principal balance, subject to the terms and conditions I have read, I understand, and I agree to the Borrower's Certification on the reverse side of this Promissory Note and to the terms and conditions in the Disclosure Statement that will be provided to me no later than the time of the first disbursement of this loan. I have read, I understand, and I agree to the Borrower's Certification on the reverse side of this Promissory Note. I understand that this Promissory Note, I will not sign it before reading all of its provisions, even if otherwise advised. I am entitled to a copy of this Promissory Note. By signing this Promissory Note I acknowledge that I have received an exact copy of it.

SIGNATURE OF BORROWER (APPLICATION CANNOT BE PROCESSED WITHOUT SIGNATURE)

George E. Cannon Jr.

24b. DATE BORROWER SIGNED

MO DAY YR
7 11 188

TION B - TO BE COMPLETED BY SCHOOL

NAME OF SCHOOL

LAWTON SCHOOL
660 PLAZA DR. #2200
DETROIT, MI 4822627. PHONE
(313) 961-793628. SCHOOL CODE
012846

ADDRESS (STREET, CITY, STATE, ZIP)

29.

0005

31. PERIOD LOAN WILL COVER

FROM MO DAY YR 10 188 TO 10 288

32. STUDENT'S GRADE LEVEL (CHECK ONE)
CORRESP. UNDERGRAD.0 1 2 3 4 5 6 7 8 9 10 33. ANTICIPATED GRADUATION DATE
MO DAY YR
10 128 188

35. STUDENT STATUS

 DEPENDENT
 INDEPENDENT36. COST OF ATTENDANCE
FOR LOAN PERIOD \$ 552037. ANTICIPATED FINANCIAL AID
FOR LOAN PERIOD \$ 262538. DIFFERENCE (ITEM 36 LESS
ITEM 37) OR LEGAL MAXIMUM
\$ 2895

39. SUGGESTED DISBURSEMENT DATE

MO DAY YR
8 1 8840. WILL THE STUDENT ATTEND A FOREIGN SCHOOL?
YES NO

41. SCHOOL USE ONLY

42a. SIGNATURE OF SCHOOL OFFICIAL
X Audrey Gaylor42b. DATE SIGNED
MO DAY YR
8 1 8842c. PRINT NAME/ TITLE
AUDREY GAYLOR
DIRECTOR OF FINANCIAL AID43. I READ, I UNDERSTAND, AND I AGREE TO THE
IS OF THE SCHOOL CERTIFICATION PRINTED
REVERSE SIDE OF THIS APPLICATION.

44. NAME OF LENDER

PENN BANK
P.O. Box 64788

St. Paul, MN 55164-0788

45. LENDER CODE
809854

46. BRANCH CODE

47.

48.

49. TOTAL LOAN AMOUNT APPROVED
\$ 0.0050. DISBURSEMENT DATE
MO DAY YR

51. LENDER USE ONLY

52. DUE DATE OF FIRST PAYMENT

MO DAY YR

53. LENDER ACCOUNT NUMBER

38

54. LENDER USE ONLY

55. DATE SIGNED

MO DAY YR
1 1 88

55c. PRINT NAME/ TITLE

56. HEAF USE ONLY

AUG 09 1988

57. PROMISSORY NOTE STATUS

P

58. CREDIT APPROV

CANNON JR, GEORGE, E

CLAIM NO 199309035253 06-24-93

SSN 7549 TD 1

REVIEWED #5

4-87

-353

SLS PROMISSORY NOTE

A. PROMISE TO PAY

The Interest and Guarantee Fee rates and terms (mentioned in the Promise to Pay on the front of this application/promissory note) are:

1. Interest. For a PLUS or SLS loan made for a period of enrollment beginning prior to July 1, 1987, the applicable interest rate is 12% per year. For loans made for periods of enrollment beginning on or after July 1, 1987, the interest will be equivalent to interest on the Loan Amount shown on the front of this application/promissory note, at a variable rate not to exceed 12 percent per year. The interest rate will be determined annually and will be disclosed to me prior to disbursement of my loan. The interest rate for any year will be the rate published for that year by the U.S. Department of Education for variable rate PLUS and SLS loans.

2. Guarantee Fee.

HEAF may charge a fee to guarantee my loan. The amount, if any, is governed by current law, applicable regulations and HEAF policy and Rules and Regulations. The Guarantee Fee will be deducted from my check. I understand that this charge is non-refundable except for the amount attributable to any disbursement I do not receive. When I refund my loan to the lender's option, be applied to my loan balance or be returned to me. My loan disclosure statement will show the actual guarantee fee charged.

B. DISCLOSURE OF LOAN INFORMATION

I understand that before I receive my loan check, my lender will send me a loan disclosure statement that identifies all the terms of my loan.

C. GENERAL

I understand that the lender has applied for guarantee coverage of this loan through Higher Education Assistance Foundation ("HEAF") and because of this, the loan is subject to the terms of this Promissory Note will be interpreted in accordance with, Title IV, Part B of the Higher Education Act of 1965, as amended, ("the Act"), federal regulations adopted under the Act, and the Rules and Regulations of HEAF. To the extent not governed by federal law, this Note shall be governed by the laws of the jurisdiction in which the lender is located.

D. REPAYMENT

1. I understand I can either defer principal payments while in school or begin repaying immediately. These options are described below and my choice is indicated in #22 on front of this application/promissory note.

Deferred Repayment. If I answer YES to #22, I wish to defer repayment of loan principal reasons explained under Deferment in the HEAF application information booklet. (By the repayment period on this loan begins when the loan is disbursed with the first payment due within 60 days of disbursement.) However, during the period of deferment, interest will accrue at my lender's option, and in accordance with the terms and conditions on the disclosure statement:

a. be paid by me in installments, or
b. accrue and be added to the principal amount of the loan (capitalized), no more often than quarterly, in accordance with laws and regulations governing the PLUS and SLS program. I will contact the lender prior to expiration of the period of deferment to negotiate the terms of repayment. If I neglect to do so, I authorize the lender to establish repayment terms within the guidelines set forth in Paragraph 2 of this Section, without my further approval; however, my lender must inform me of the terms in writing at the latest address which I have provided to the lender.

Immediate repayment. If I answer NO to #22, I agree to begin repaying loan principal and interest within 60 days of disbursement.

2. I will repay this loan within 10 years of the date of this Note, over a repayment period that generally lasts at least 5 years but no more than 10 years. However, the following exceptions to these rules apply:

a. The lender may require a repayment period shorter than 5 years if this is necessary to ensure that during each year of the repayment period I—or, if both my spouse and I have GSLP PLUS or SLS program loans outstanding, we—pay toward principal and interest at least \$600 or the unpaid principal balance of all such loans (plus interest) whichever is less. b. If I qualify for any deferment period described under Deferment in this Note, or if the lender grants "forbearance", those periods will not be included in the 5- and 10-year periods mentioned above.

3. The particular terms and conditions of repayment that apply to this loan will be set forth in the loan disclosure statement that the lender will provide to me.

4. My obligation to repay this loan shall be cancelled if I die or become totally and permanently disabled.

E. PREPAYMENT

At my option and without penalty, I may prepay at any time all or any part of the unpaid principal balance of this Note. In the event of prepayment, I will be entitled to a refund of any unearned interest which I have paid. The amount of any such rebate will be computed by the same method by which interest payments were computed.

F. DEFERMENT OF PAYMENT

In certain instances authorized by the Act or by regulations I am permitted to make a deferral under Repayment in this Note may be deferred. The instances I may be authorized by the Act are described under Deferment in the HEAF application information booklet. If I seek such deferral, I agree to comply with the relevant federal regulations and the Rules and Regulations of HEAF, including without limitation, themission of a Request for Deferment. I will remain responsible for payment of interest during any period of deferral which my lender may, (a) collect from me on a periodic basis or (b) add to the principal balance of the loan.

G. FORBEARANCE

If I am unable to repay this loan in accordance with the terms established under Repayment in this Note, I may request the lender to modify these terms. I understand that such modification would be at the lender's option and would have to be in compliance with the Act, federal regulations adopted under the Act, and the Rules and Regulations of HEAF. I understand that a modification of repayment terms under this Section is different from Deferment as described in this Note and that during this period I will remain responsible for payment of interest, which the lender may (a) collect from me on a periodic basis or (b) add to the principal balance of this loan.

H. DEFAULT

Definition. I understand that under the Act, and HEAF Rules and Regulations, any of the following events is a default:

- a. failing to make any installment payment when due, provided that this failure persists for 180 days for a loan repayable in monthly installments or 240 days for a loan repayable in less frequent installments;
- b. making any false representation for the purpose of obtaining this loan;
- c. using the loan proceeds for other than educational purposes;
- d. failing to enroll in the school that completed the application for the time identified as my loan period;
- e. not notifying the lender immediately if I (a) drop to less than a half-time student, (b) change my graduation date, (c) change my name, or (d) change my permanent address.

2. **Consequences of default.** If I default on this loan:

AFFIX TO BACK OF PROMISSORY NOTE

Pay to the order of Higher Education Assistance Foundation ("HEAF") without recourse, provided, however, notwithstanding this indorsement without recourse, the undersigned hereby expressly:

1. **Warrants that:**
 - a) no defense of any party is good against the undersigned; and
 - b) the undersigned is not in default under the terms of that certain Lender Agreement for Guarantee of Student loans with Federal Reinsurance ("Lender Agreement") between it and HEAF, in accordance with which payment of the indebtedness evidenced by this instrument was guaranteed by HEAF
2. **Disclaims the implied warranty that it has no knowledge of any insolvency proceeding instituted with respect to the maker of this instrument and instead warrants that to the extent it has knowledge of any such proceeding it has disclosed the same to HEAF, but no other implied warranties are hereby disclaimed.**
3. **Acknowledges that:**
 - a) upon payment in full by HEAF of the claim submitted by the undersigned pursuant to the aforesaid Lender Agreement, HEAF will have discharged all of its obligations to the undersigned arising out of said Lender Agreement; and
 - b) notwithstanding payment by HEAF of the undersigned's claim and acceptance by HEAF of transfer of this instrument in consideration thereof, HEAF has not waived any rights that it may have against the undersigned pursuant to the terms of the aforesaid Lender Agreement.

SIGNATURE

X Gaylene F. Rose

DATE

Gaylene F. Rose, Claims Manager 3/30/97

F0025 10-87

I am required to respond to inquiries from my parents (under the SLS program), or prior or subsequent lenders or holders, with respect to my loan application and related documents. I also authorize the lender, subsequent holder, their agent or HEAF to release information and make inquiries to the persons I have listed in my loan application as reference for the purpose of learning my current address and telephone number. I also authorize the lender, subsequent holder, their agent or HEAF to check my credit and employment history and to answer questions about their credit experience with me. I certify that the proceeds of this loan will be used for educational purposes for the academic period stated on my loan application at the educational institution named on the application. I understand that I am responsible for repaying any funds that I receive which cannot reasonably be attributed to meeting educational expenses related to attendance at that institution for the loan period. I certify that if I am eligible to apply for a Pell Grant, that I have done so or that I have requested my institution to estimate my eligibility for a Pell Grant. I certify that I am a citizen of the United States and eligible for participation in the PLUS or SLS program and that I do not owe a refund under Title IV aid program. I further certify that I have read the materials explaining the federal guaranteed student loan program which have been provided to me and that I understand my responsibilities and my rights under that program.

SCHOOL CERTIFICATION

I hereby certify that the student named in Section A of this application is accepted for enrollment or is enrolled as at least a half-time student, and is making satisfactory progress in a program determined to be eligible for this loan program. I further certify that the student has been determined by this institution, under the regulations applicable to this loan program, to be eligible for the loan applied for. I further certify that based upon records available at this institution and due inquiry to the student, the student has satisfied the requirements under the Selective Service Act necessary to receive financial aid, is not in default on any loan made under any Title IV student assistance program identified in 34 CFR Part 668, and is not liable for any refund of any grant made under any Title IV student assistance program identified in 34 CFR Part 668. I further certify that this institution will comply with all applicable provisions of federal law and the rules, regulations, policies, and procedures of HEAF in the administration of this loan. The information provided in Sections A, B and C of this School Certification is true, complete, and correct to the best of my knowledge and belief.